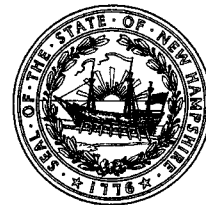




The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

October 22, 2004

Mr. John McTear, Vice President
NEL/Con Ed Development
111 Broadway, 16th Floor
New York, New York 10006

CERTIFIED MAIL (7099 3400 0018 1290 3107)
RETURN RECEIPT REQUESTED
LETTER OF DEFICIENCY
No. ARD 2004-007

Dear Mr. McTear:

Newington Energy, LLC ("NEL") was issued Joint Federal Prevention of Significant Deterioration Permit No. 044-121NH10 and State of New Hampshire Temporary Permit No. FP-T-0036 ("the Permit") on April 26, 1999, by the U.S. Environmental Protection Agency ("EPA") and the New Hampshire Department of Environmental Services, Air Resources Division ("DES"). The Permit requires NEL to submit various reports to DES, including quarterly excess emissions reports ("EERs").

This Letter of Deficiency ("LOD") is being sent to formally notify you of the deficiencies identified with respect to the EERs submitted by NEL for all of 2003 and for the first and second quarters of 2004 and the necessary actions to resolve them. The deficiencies are as follows:

1. Env-A 808.11 and Condition XV.F. of the Permit require the owner or operator of any stationary source or device with a gaseous-measuring continuous emission monitoring ("CEM") system and/or a continuous opacity monitoring ("COM") system to submit an emission report within 30 days after the end of each calendar quarter. NEL has been operating with certified CEM and COM systems since the fourth quarter of 2002. Env-A 808.12(a) requires that each such quarterly report provide the information required in 40 CFR 60.7(c), such as the magnitude of excess emissions and the identification of the beginning and end of each period of excess emissions. In the EERs submitted for the first two quarters of 2004, NEL has not identified any excess emissions, yet the daily averages for NO_x parts per million dry volume concentration ("ppmdvc") and CO ppmdvc are above the limits. As the NO_x and CO limits are short-term (1-hour and 3-hour time periods), there would have been at least one or more exceedances on those days where the 24-hour average was above the permit limit. It is also possible for NEL to have an exceedance of the short-term limit when the daily average is below the limit. From the information provided, it is impossible for DES to ascertain whether there are exceedances on those days where the daily average is above the limit, and if NEL is complying with the emission limits specified in the Permit.
2. Condition XV.F. of the Permit requires NEL to provide in an electronic spreadsheet-compatible format the daily averages of all monitored pollutants or operational parameters. NEL has not submitted the electronic versions of the daily averages to DES for the first two quarters of 2004.

3. DES has identified a number of other deficiencies in the EERs for the first and second quarters of 2004. A detailed listing of these is presented in Attachment 1. In addition, DES has been working with NEL facility personnel over the past year to produce satisfactory EERs for 2003 that will meet the requirements of Env-A 808 and the Permit. (See, for example, emails sent by Jack Glenn, DES, to Bob Frizzle, Tom Fallon, and Alan Douglass, NEL, dated October 31, 2003; by Joe Tristaino, DES, to Bob Frizzle, NEL, dated February 24, 2004; and by Jack Glenn, DES, to Bob Frizzle, NEL, dated April 15, 2004.) NEL has not, however, responded with acceptable EERs for 2003.

DES believes that the above-referenced deficiencies can be resolved by NEL taking the following actions:

1. Within 30 days of your receipt of this letter, submit complete and accurate EERs to DES for the first two calendar quarters of 2004; and
2. Within 60 days of your receipt of this letter, submit complete and accurate EERs to DES for the entire calendar year of 2003.


In the event that NEL fails to resolve the deficiencies noted above and within the time periods indicated, DES may initiate further action against NEL, including issuing an order requiring the deficiencies to be corrected, and/or referring this matter to the NH Department of Justice.

Please address all information to Ray Walters, at the following address:

NHDES Air Resources Division
Compliance Bureau
29 Hazen Drive
P.O. Box 95
Concord, NH 03302-0095

Please be advised that DES will continue to monitor NEL's compliance status and that this letter does not provide relief against any other existing or future deficiencies. It is important that NEL be aware of and complies with all the requirements in its Permit.

Please feel free to contact DES should you have any questions regarding compliance with Env-A 100 *et seq.*, NH Rules Governing the Control of Air Pollution, and the requirements of your current permit. A current copy of the rules can be obtained from the DES website at www.des.state.nh.us/Rules/air.htm, or by contacting the Public Information Center at (603) 271-2975. If you have any questions regarding this matter, please contact Ray Walters at (603) 271-6288.

Sincerely,

Pamela G. Monroe
Compliance Bureau Administrator
Air Resources Division

Attachment

cc: R. Kurowski, EPA Region 1
G. Hamel, DES Legal Unit
A. Douglass, NEL
T. Fallon, GE Contractual Services
R. Frizzle, GE Contractual Services
J. Glenn, NHDES
AFS #3301590793

ATTACHMENT 1

NEL Excess Emission Reports – DES comments and listing of deficiencies 1st and 2nd Quarters, 2004

A. General Comments

1. No O₂ CEM data availability (“DA”) calculations for Quarter 1.
2. On “monthly summary by day” tables the sum of the operating hours is not the same as the “total source operating time in reporting period” in the “Summary Reports”.
3. All emission data summary sheets show no exceedances. However, daily averages show exceedances (see below).
4. All incident reports show no exceedances but daily averages show exceedances (see below).
5. Opacity always negative. Should read zero or above.
6. Need table showing each calibration gas bottle used during the quarter, calibration gas concentration, calibration gas bottle expiration date, date of calibration gas bottle change. Please note the calibration bottle currently in service at the end of the reporting period.

B. Unit 1, Quarter 1 (January 1, 2004 to March 31, 2004) – Detailed comments

1. 2/5/04
 - a. CO ppm_{dv} = 352.4; but CO lbs/hr = - 43.4
 - b. Oil flow shows 0 hours but 38,646.7 gallons. Contradicting data.
 - c. 40,500 mmBTU gas and 5400 mmBTU oil
2. NO_x limit listed as 10,000 which is not correct.
3. 17.30 vs 17.28 lbs/hr NO_x limit in permit
4. 2/1/04
 - a. There appears to be a NO_x exceedance, specifically, NO_x = 4.1 ppm_{dv} and 18.5 lbs/hr
 - b. Report contains no mention of exceedance.
5. 3/11/04
 - a. NO_x exceedance (daily average >2.5 ppm_{dv})
 - b. Report contains no mention of exceedance.
6. 3/14/04
 - a. NO_x exceedance (daily average >2.5 ppm_{dv})
 - b. Report contains no mention of exceedance.

C. Unit 2, Quarter 1 (January 1, 2004 to March 31, 2004) - Detailed comments

1. No O₂ CEM data availability calculations
2. 1/3/04
 - a. NO_x - 0 ppm reported but 23.8 lbs/hr reported – inconsistent data
3. Daily averages show at least 4 NO_x exceedances – There could be more as the NO_x lb/hr limit is a 3-hr limit. No exceedances shown on the exceedance report.

4. Negative NH₃ flow 1/3/04 – Probably is 0.0 – needs to be reported as such if this is the case.
5. There is an inconsistency in the CO ppm and lbs/hr daily average calculations.
 - a. Number of days where the average CO ppm is very low, but the corresponding CO lbs/hr is higher than the ppm should indicate - 1/3, 1/12, 1/21, 1/29, etc.
6. Inconsistency in total operating hours for the quarter – Monthly summary shows 1876 hours, but Summary report shows 1901 hours.
7. What does CMS Pollutant mean in Summary report? Sometimes this is inconsistent with EDS pollutant.

D. Quarter 2 (April 1, 2004 to June 30, 2004) - Detailed comments

1. Unit 1

- a. All incident reports show no exceedance but the Monthly Summary By Day daily averages show numbers above limit:
- b. CO – 5/6/04 - 55.0 ppm_{dvc} and 101.2 lbs/hr.
- c. CO – 6/2/04 - 21.5 ppm_{dvc} and 23.5 lbs/hr.
- d. NO_x – May 6, 7, 10, 13, 14, 19 and 20, 2004; June 1, 2, 4, 5, 6, 11, 12, 13, 21, 22, 24 and 30, 2004 all show daily averages on NG > 2.5
 1. Daily lbs/hr rates for above dates are sometimes below limit. Why? Partial day of operation?
- e. Note: there could be other days where CO (1-hr std) or NO_x (3-hr std) could be exceeded but the daily average would be below the limit.

2. Unit 2

- a. All incident reports as well as Excess Emission and Monitoring System Performance reports show no exceedances, but the Monthly Summary By Day daily averages show numbers above the limit:
 1. NO_x – Apr 28 shows daily exceedance of 2.5 ppm.
 2. NO_x – May 13 - 21, 26 - 28 all show daily exceedances of 2.5 ppm.
 3. NO_x – June 1, 3, 4, 7, 8, 10, 11, 27, 28 and 29 all show daily exceedances of 2.5 ppm.
 4. Note – all the above occurred during partial operation days. Startup/shutdown phenomenon?
 5. The corresponding lbs/hr do not seem to match the ppm values.
 6. How can there be an exceedance of lbs/hr limit and not an exceedance of the corresponding ppm? e.g. Apr 3, 4, 23, 24, etc.
 7. CO daily exceedances 5/16/04, 6/1/04.